

MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
FRIDAY, FEBRUARY 7, 2003, 2:00 P.M.
Room 223, State Capitol Building

Members Present: Sen. David Gladwell, Co-Chair
Rep. Bradley T. Johnson, Co-Chair
Sen. Peter Knudson
Sen. Ron Allen
Rep. Margaret Dayton
Rep. Brad Dee
Rep. Kory M. Holdaway
Rep. Gregory H. Hughes
Rep. Patricia W. Jones
Rep. Susan Lawrence
Rep. LaWanna "Lou" Shurtliff
Rep. Bradley A. Winn
Rep. Stephen H. Urquhart

Members Absent: Sen. Bill Hickman

Staff Present: Boyd A. Garriott, Senior Legislative Fiscal Analyst
Debra Headden, Legislative Fiscal Analyst
Rolayne Day, Secretary

Public Speakers Present: Commissioner Cecelia Foxley
Regent Charlie Johnson
Regent Pamela Atkinson
Acting Pres. Lucille Stoddard, UVSC
Pres. Lynn Cundiff, SLCC
Pres. Steven Bennion, SUU
Dr. David Pershing, VP UU
Pres. Kermit Hall, USU

Visitor List on File

Committee Co-Chair Gladwell called the meeting to order at 2:08 p.m.

1. Administrative Data Processing—Analyst Debra Headden said the USHE system requested \$2 million for seven institutions to convert to a new ADP system. Although it will be ready soon, the analysts do not recommend funding mainly because there is no money. Commissioner Foxley said the new system is necessary to deliver information the Legislature needs.
2. Cost of ATE—A lot of discussion has taken place with the creation of UCAT since several of the higher education institutions also provide Applied Technology Education. The cost of ATE has been difficult to compare because of different accounting methods for student enrollment. UCAT now offers associate degrees so there is a conversion factor in place to equate membership hours to credits. Ms. Headden used this in a preliminary analysis to compare the cost of ATE instruction. Statistics were taken from the Board of Regents 2002-2003 Data Book for WSU and the auditor's report for the Ogden Weber CAT and the Davis CAT. In addition, only adult students at the UCAT institutions were used for comparison.

It appears that when considering direct cost and full cost of instruction for ATE with all sources of revenue, it is cheaper to train at UCAT institutions. But when you use State funding only for full cost of instruction, it is slightly higher for UCAT. It should be noted that this was only for the Ogden/Weber area and it needs further study across the State. The analysts recommend intent language to study the issue further. Sen. Gladwell said they would like the UCAT budget to be in with higher education since there are many issues that could be better handled together.

3. Developmental Education—Analyst Boyd Garriott said developmental education is a serious and costly problem to higher education. The issue is funding students who should have been prepared for college after graduating from high school, not those students who have been out of school for a while and then go back. It costs over \$2 million to retrain students and the analysts think it is an unnecessary expense. Sixty-seven percent of the students that took developmental courses in the Fall of 2000 were under the age of 22. It is an issue public and higher education needs to solve, but in these economic times, it is an unnecessary duplication of funding that higher education has to bear. Mr. Garriott suggested that students in developmental courses be charged the full cost of instruction or 3½ times resident tuition.

If the University of Utah caps enrollment, students will be forced to different types of institutions and it will be very difficult for them to get in if they aren't prepared for college level work. Rep. Shurtliff said the State School Board is working on strengthening graduation requirements, and that is a step in the right direction.

Rep. Hughes asked if non-residents would receive an additional fee that covers the cost of developmental instruction. Boyd said they already pay full cost of instruction as a non-resident. Parents and students need to know that if the student comes to college unprepared, they may be charged the full cost of developmental instruction. If there is a lead time that this is coming, public education would have the chance to help students prepare for college.

Rep. Dee said sometimes this might be seen as punishing the student, but if it is non-credit developmental, it doesn't count toward graduation anyway. Sen. Gladwell asked if this is the year we draw the line. We could charge this fee or say we will no longer offer developmental education. Rep. Dayton said we are already closing sections and higher education should not have to make up for public education.

Regent Charlie Johnson said there needs to be follow through of students who took developmental courses to see if they succeeded; did they go on to graduate. A problem is that the competencies measured by public education are different from those used by higher education (this is being worked out). He feels that with lead time to put students on notice, if they still don't make it and have to take developmental courses, it is going to cost them.

Commissioner Foxley said the early warning that students had better take their public education serious is going out nationwide. We know that most of the developmental courses are in English and math. Public education is adding an additional requirement in those subjects for graduation. We should phase in the higher standards and the developmental course fees.

Rep. Winn said sometimes there is a relationship between economic status and students who are not college prepared, especially in English and math. We need to know how many are not prepared because of their own fault versus a system that didn't prepare them. Should we charge people 3½ time the regular tuition when it wasn't their fault?

Rep. Urquhart said Pres. Romesberg reported in past years that 1/3 of the freshmen at UVSC take developmental English and half take developmental math, most of whom are Utah residents. Numbers talk and behavior will change. We should take a little time and some steps leading up to it, but do it. Sen. Gladwell said we need to determine who's mission it is to offer developmental education.

MOTION: Rep. Dayton moved to approve the minutes of January 31, 2003, February 3, 2003, and February 5, 2003 meetings.

The motion passed unanimously with Sen. Allen and Reps. Holdaway, Hughes, and Jones absent for the vote.

MOTION: Rep. Dayton moved to transfer \$263,600 for the Star Schools to CEU with the designation that half go to the Price Campus and half to Blanding.

The motion passed unanimously with Sen. Allen and Reps. Hughes and Shurtliff absent for the vote.

Rep. Winn said he wouldn't consider charging for developmental courses now because it limits some people. Rep. Dee feels students would still have the opportunity with a program funded by added fees. Sen. Gladwell said it might favor those who could afford it and penalize those that cannot, but it is worth thinking about.

Acting President Lucille Stoddard said open enrollment is really important to UVSC's mission as a community college. There are some studies about developmental courses and it is disproportionate with the poor and minorities. Many students leave and are gone for a couple years and then come back. That lag time becomes important and they often need developmental courses. Students who get remediation are far more likely to finish their degrees and are better prepared for higher level courses.

Pres. Lynn Cundiff said SLCC's test to determine if a student needs developmental courses is not given until a student has been admitted. Giving it at the end of the junior year in high school, as some states do and as suggested by Mr. Garriott, makes a lot of sense. Spending the money to test would be more cost-efficient in the long run.

Sen. Gladwell said UCAT is charged with developmental education in statute. Item 6 on the agenda, Intent Language, will be held until Monday.

4. Continuation of Budget Discussion (Committee Action on Prioritization)—Sen. Gladwell said the discussions have been valuable to help focus on the core mission for each institution, to determine priorities, and to see what is sacrificed if we have to cut. There are many areas we might have become accustomed to that don't impact students, and they could be cut. You have to change your lifestyle because of budget cuts and you cannot perpetuate habits you enjoy or that you are accustomed to.

Sen. Gladwell distributed some guidelines for cutting funds. Regent Atkinson said the Regents are also working on a list but it isn't ready yet. Their draft guidelines, however, are very similar to the handout. The Regents are asking several questions—Are there programs on campuses that are outside the institutional mission and goal? Are there some that are not necessary in the geographical area? Are some antiquated? They are also looking at program quality and the respect and success of graduates. Which graduates can easily get jobs? They are looking at program costs and advantages of reallocating resources within the system. They have looked at enrollment and institutional capacity, upper division access and/or caps on certain majors. What is the long-term impact on any of the limitations that might be imposed? Are there programs duplicated within the system? They are cognizant of the fact that the elimination of a program doesn't involve immediate reduction of the budget. Higher education has to follow through with students in a program and honor tenured faculty contracts for a period of time. They are trying to protect the two research institutions because they provide economic stimulus. The document should be ready to share in the next few weeks. Sen. Gladwell said a process for difficult times should already be in place so it's there when it is needed. Without that, what can be done now to help this committee make a decision by Monday?

Commissioner Foxley said she doesn't think the decisions need to be made now. The review is in process and the institutions are making sure there is well-defined criteria. She wants the Subcommittee to look at the impact of a 2% cut and discuss how critical the programs are to the institutions and to the citizens of the state. If specific programs or people that might be eliminated was discussed, it would cause huge problems at the institutions.

Rep. Johnson said the Co-chairs could tell caucuses that higher education will cut \$11 million but not exactly where. We want to do it right and we have principles that they will follow. Commissioner Foxley said that makes a great deal of sense and more will be known after the February 15 projections.

Pres. Cundiff said Salt Lake Community College has already cut every academic and vocational program that wasn't cost effective. To cut further would result in capping enrollments throughout the Salt Lake Valley. They are 87% personnel intensive, so only 13% of the budget is left for utilities, etc. Preliminarily, further cuts would force them to reduce administration. They will move to a four-day work week in the summer, shutting the institution down for three days; that saves \$50,000 a weekend. There is a significant number of people who go to school on the weekends and they will not be able to do that. They would have to eliminate more than one site (putting pressure on other sites that are already overcrowded) and that would reduce access for students. They would also have to take a hard look at other academic and vocational programs throughout the institution. The majority of their public service money is for the Small Business Development Center. All centers throughout the state coordinate through SLCC's office.

Rep. Dayton asked how the airplane pilot program and the Metro Center fit into the core mission. Pres. Cundiff said they thought the Metro Center would be paid for with continuing education money, but there are 300-350 traditional students taking courses at that site. The pilot program is currently self-supported with nearly 300 regular and 75 concurrent enrollment students.

Rep. Holdaway asked if capping enrollment would be handled by closing sites. Pres. Cundiff said a piece would occur by doing that, but they are trying to determine what their actual capacity is and what the capacity of the faculty teaching load is so they can make resources available to X number of students.

Rep. Jones said we have cut and cut hoping things will rebound, but it sounds like the institutions have come to the point where they are bare bones. Second-tier tuition may be funding O&M and she asked at what point are we willing to face reality. Pres. Cundiff said many states are there now. To keep going in the same way will stall things because we don't have the money to train people who will ensure our future and not perpetuate the past.

Sen. Gladwell asked if there will ever come a time when we sacrifice athletics in favor of academics. Pres. Steven Bennion, SUU, said athletics took their fair share of cuts in the last round. SUU has stuck their necks out considerably on second-tier tuition after long discussions with the regents, trustees, and students. They need considerable infrastructure support and their second-tier increase is aimed at those areas. If second-tier tuition was taken for other areas, he would leave.

Dr. David Pershing, Senior Vice President for Academic Affairs, University of Utah, said he likes the budget reduction principles handed out and they are very close to those that the University has been using. A couple of years ago, they instituted a budget model based on those principles that mathematically forces money to follow students. He feels institutions must keep faith with the students on second-tier tuition. The U's first priority is keeping sections open. They agreed to put some funding into need-based scholarship and some to try to retain their best faculty. Most programs have already had to eliminate administrative costs. They don't even hand out a syllabus any more, they put it on the Web to save printing costs. A 2% cut \$3 million for the U and you can't cut that without cutting people. He has no choice but to cut about 100 sections. Right now there are a lot of students sitting in the aisles to try to get graduated.

MOTION: Rep. Johnson moved that the Higher Education Appropriations Subcommittee go on record as letting the institutional presidents manage the second tier of tuition increases.

The motion passed unanimously with Sen. Allen and Reps Hughes and Shurtliff absent for the vote.

Rep. Johnson said his caucus will tell him that there is something at the U that should go. Dr. Pershing said if this was the first cut that would probably be true, but they really think they are down to the bone. Rep. Holdaway said the response to caucuses should be that growth isn't being funded and hasn't been for years. Cuts have been made internally trying to deal with growth. Rep. Dayton asked if athletics were considered for cuts. Dr. Pershing said athletic funding comes from a relatively successful basketball and football team, not State funding. If that wasn't so, he would have gone after it.

Mr. Garriott distributed a chart showing carry-forward of reimbursed overhead over the last ten years. For the last three years it has been at least \$12 million. Dr. Pershing said that money has been used to try to keep the research mission strong during all the budget cuts and is currently committed to new buildings. Pres. Kermit Hall, USU said reimbursed overhead takes care of new faculty start-up costs. If you start taking the overhead, you will break the covenants they have to get bonds for new buildings. He feels the money should stay at the institution where the funds were generated. Reimbursed overhead also helps provide seed money to go out and get more grants. He noted that 42 states allow research institutions to keep 100% of the reimbursed overhead. Commissioner Foxley said reimbursed overhead is clearly the best investment, the best return on the dollar, and the best chance to stimulate the economy.

Committee Co-Chair Gladwell adjourned the meeting at 4:20 p.m.

Minutes were reported by Rolayne Day, Secretary.